

How does Liability arise for Food Products?

Food Liability arise due to three main reasons:

Something is there that should not be – Foreign Objects in Food Products

A small stone in her ready-to-eat food packet or a worm in her cake harms a consumer. When situations like this occur, the issue of who is liable for injuries caused by foreign objects in food arises. Central to resolving this issue is the *consumer expectations test*. This test asks, “What objects might a consumer reasonably expect to find in the food?” The standard used by most courts today is what a consumer should foresee as possibly being present in her food item and therefore guard against.



Foreseeability of harm mandates a food vendor to remove such harmful objects (whether foreign or naturally occurring) as a consumer would not normally anticipate and guard against. Therefore, manufacturers of food products that are processed or sold as “**ready to eat**” must take greater precautions in eliminating foreign objects that may cause harm to the consumer.

Food-borne Illness

Cases involving food-borne illness turn on the specific facts of the **case**. Generally, liability is more likely for processed or cooked food products than it is for those sold raw.



Miscellaneous Reasons

Liability cases are put for issues like:

- Wrong labeling
- Failure to warn
- Faulty packaging
- Failure to disclose

What Does the Policy Cover?



This policy covers all sums, inclusive of defense costs, which the insured becomes legally liable to pay as damages as a consequence of death/ bodily injury or disease to any customer arising out of any defect in the product manufactured, distributed, sold or handled by the insured and specifically mentioned in the policy after such product has left the insured's premises.

Limit of Liability

The total liability of the insurer has two limits: Per Claim Limit called AOA limit (Any One Accident) and Per Annum Limit called AOY Limit (Any One Year) . Limits can be chosen by the insured and are in the ratio of 1:1, 1:2, 1:3 or 1:4

Main Exclusions

1. Product Recall
2. Deliberate, willful or international non-compliance of any statutory provision.
3. Loss of goodwill, loss of market.
4. Fines, penalties, punitive/exemplary damages.
5. War and War like situations.
6. Any loss occurring prior to the Retroactive Date mentioned in the policy.

Optional Extensions

Vendors Legal Liability - The policy can be extended to include the liability of vendors.

Technical Collaborator Liability - The liability arising out of any agreement of Technical Collaboration can be covered as an extension.

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